

South Central RTC



South Central Rural Telephone

Cooperative Corporation, Inc.

Total

Communications

February 10, 2003

Thomas Dorman, Executive Director
Kentucky Public Service Commission
P. O. Box 615
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

Dear Mr. Dorman:

Enclosed for filing are one original and 10 copies of response to the Commission's order in Administrative Case No. 2002-00456.

If there are any questions, please contact Eileen Bodamer at 770-649-1886.

Sincerely,

A handwritten signature in black ink, appearing to read 'Daryl Wyatt', written over the typed name.

Daryl Wyatt
General Manager

DW:bs

Enclosures

RECEIVED

FEB 14 2003

PUBLIC SERVICE
COMMISSION

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION FEB 14 2003

PUBLIC SERVICE
COMMISSION

In the Matter of:

INQUIRY INTO THE USE OF)	
CONTRACT SERVICE AGREEMENTS)	ADMINISTRATIVE
BY TELECOMMUNICATIONS CARRIERS)	CASE NO. 2002-00456
IN KENTUCKY)	

**RESPONSE TO COMMISSION STAFF DATA REQUEST
ON BEHALF OF
SOUTH CENTRAL RURAL TELEPHONE COOPERATIVE CORPORATION,
INC.
AND
SOUTH CENTRAL TELCOM, LLC**

On December 19, 2002, the Kentucky Public Service Commission ("Commission") initiated Administrative Case No. 2002-00456 for the purpose of examining the use of contract service agreements ("CSAs") by telecommunication carriers in Kentucky. In initiating PSC Case No. 2002-00456, the Commission included a number of questions that interested parties were to address. This response is provided by South Central Rural Telephone Cooperative Corporation, Inc. ("South Central") and South Central Telcom, LLC ("SCT") to the questions asked by the Commission in that Case.

Question 1: Provide full and complete copies of CSAs entered during 2001 and 2002, or in the alternative if such CSAs are on file with the Commission a list of CSAs and their effective date.

Response 1: Neither SCT nor South Central entered into any CSAs during 2001 or 2002.

Response to Questions 2 and 3, 5 and 6, 8 and 9: Lacking any practical experience with CSAs, the companies respectfully declines to comment at this time on either their specific policies regarding CSAs or those that it would expect the Commission to formulate in this proceeding.

Question 4: Would you support a policy requiring that all customers for regulated services in the same geographic area or market receive the same prices?

Question 7: Discuss the impact on competition in particular and on the telecommunications industry in Kentucky in general that would result from deregulation of CSAs.

Response to Questions 4 and 7: South Central is a membership-owned incumbent local exchange carrier and SCT is a recently formed competitive local exchange carrier. Both operations serve the rural communities in and around Glasgow, Kentucky.

Despite its rural status, South Central now has at least one competitive provider offering services to its customers on a discounted resale basis. Primarily due to its cooperative status, South Central has traditionally held and continues a policy that pricing for regulated services in its market is applied on a non-discriminatory basis to all "similarly situated" customers in its ILEC service area.

SCT provides an array of services in competition with ALLTEL (formerly Verizon) in the greater Glasgow serving area. The company distinguishes itself from its competition based on its customer service, variety and range of products, and price. SCT is extremely concerned that lack of regulation of CSAs and/or the ability of its competitor to provide discriminatory pricing between subscribers in a targeted effort to thwart competition could have a detrimental impact on SCT's growing CLEC operations. A policy that allows such arrangements, in which customers with access to competitive options get specialized arrangements funded essentially, by those customers in markets lacking the benefits of competition, would naturally favor the incumbent telephone company with its broader base of competitive and non-competitive service areas. Given the authority to do

so, the incumbent provider would merely have to "cherry pick" its own subscribers and await the eventual demise of the competitive provider before eventually returning to its captive market pricing. The rural communities with their inherently small number of mid to high revenue subscribers would swiftly feel the negative impact of such actions as the few facilities-based competitors now seeking to serve those communities fell victim to such actions.

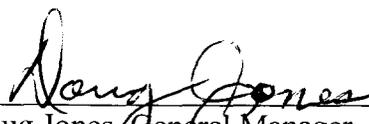
Conclusion

SCT and South Central thank the Commission for providing the opportunity to participate in this proceeding. The Commonwealth of Kentucky is one of the few states in which the potential for true competition in the rural markets is being realized. The companies appreciate the difficult task facing this Commission and urge this Commission to establish a policy that does not allow ILECs to meet competitive threats by merely targeting competitors.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daryl Wyatt", written over a horizontal line.

Daryl Wyatt, General Manager
South Central Rural Telephone Cooperative
Corporation, Inc.

A handwritten signature in black ink, appearing to read "Doug Jones", written over a horizontal line.

Doug Jones, General Manager
South Central Telcom, LLC

Certificate of Service

I hereby certify that a copy of the foregoing was served on the individuals on the attached Service List by mailing a copy thereof, this 14th day of February 2003.



Daryl Wyatt

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